

Message Text

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ACTION PER-05

INFO OCT-01 EA-11 ISO-00 AGR-20 MMS-03 TAR-02 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

DODE-00 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SS-20

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 2345

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E.O. 11652: N/A

TAGS: APER, BEXP, KS

SUBJECT: STRENGTHENING BUSINESS SERVICES AND TRADE PROMOTION

REF: STATE A-10322

1. SUMMARY: STATE AND COMMERCE ECONOMIC/COMMERCIAL AND AID FUNCTIONS AT THIS POST HAVE BEEN INTEGRATED FOR SEVERAL YEARS PRIOR TO OMB STUDY ON COMMERCIAL AND ECONOMIC REPRESENTATION ABROAD. HOWEVER, OMB STUDY ITSELF HAS PROVIDED BASIS FOR REFINING AND IMPROVING THE EFFECTIVENESS OF INTEGRATION. SPECIFIC RECOMMENDATIONS IN OMB REPORT ARE BEING CARRIED OUT SYSTEMATICALLY AND HAVE ADDED TO EFFECTIVE EMPLOYMENT OF ECONOMIC/COMMERCIAL RESOURCES IN SUPPORT OF ECONOMIC AND COMMERCIAL OBJECTIVES. MOREOVER, ALL ELEMENTS OF EMBASSY ARE ACUTELY AWARE OF U.S. BALANCE OF PAYMENTS PROBLEM AND THE PRIORITY ACCORDED TO EXPORT PROMOTION AND PROVIDE SUPPORT AS APPROPRIATE. END SUMMARY.

2. AT THIS POST PRESENCE OF AID OFFICERS WITH TASKS IN GENERAL ECONOMIC AREA HAS ADDED NEW DIMENSION TO THE COMMERCIAL/ ECONOMIC RESOURCES AVAILABLE TO SUPPLY MAXIMUM SUPPORT FOR UNCLASSIFIED

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BUSINESS SERVICES AND TRADE PROMOTION. ALTHOUGH INTEGRATION OF

ECONOMIC EFFORT HAD BEEN ACHIEVED, NEW RESTRUCTURING INITIATED AFTER OMB REPORT HAS PROVIDED FOR EVEN CLOSER INTEGRATION AND IMPROVED WORK PERFORMANCES.

3. ECONOMIC AND COMMERCIAL FUNCTIONS ARE NOW INTEGRATED IN ONE ECONOMIC AND COMMERCIAL OFFICE UNDER THE ECONOMIC COUNSELOR WHO IS ALSO AID DIRECTOR. COMMERCIAL STAFF IN COMMERCE AND INDUSTRY SECTION IS HEADED BY AN FSO COMMERCIAL COUNSELOR WITH THREE FSO'S AND ONE AID OFFICER. ECONOMIC STAFF IN ECONOMIC SECTION IS HEADED BY AN AID SENIOR ECONOMIC ADVISER WITH TWO FSO'S, ONE FSR, AND ONE AID OFFICER. OFFICERS ARE TASKED ON BASIS OF SUBJECT AND ISSUE WITHOUT DISTINCTION AS TO ORGANIZATION AND FUNCTIONAL TITLE. COMMENTS ON SPECIFIC OMB RECOMMENDATIONS AND THEIR IMPLEMENTATION FOLLOW:

4. RECOMMENDATION II (B) (2) ON PERFORMANCE OF INVESTOR-RELATED TASKS: WE ARE STILL OPERATING UNDER COMMERCE INJUNCTION TO SOFT-PEDAL PROMOTION OF U.S. INVESTMENT. WE CANNOT, HOWEVER, AVOID ASSISTING IN ALL PHASES OF THE INVESTMENT PROCESS. COMMERCIAL OFFICERS HERE DO PERFORM THE FULL RANGE OF INVESTOR-RELATED TASKS--REPORTING OF INVESTMENT OPPORTUNITIES, INVESTOR COUNSELLING, ARRANGEMENT FOR EXIM CREDITS, INVESTMENT INSURANCE (OPIC), AND REPRESENTATION ON INVESTMENT PROBLEMS AND POLICIES. COMMERCIAL COUNSELOR, COMMERCIAL ATTACHE, AND AID PRIVATE ENTERPRISE ADVISOR (IN COMMERCE AND INDUSTRY SECTION) HANDLE BULK OF INVESTORRELATED TASKS. ASSISTANCE IS PROVIDED BY ECONOMIC STAFF, AGRICULTURAL ATTACHE AND LABOR ATTACHE AS REQUIRED. MISSION CONSIDER THIS RECOMMENDATION AS BEING FULLY IMPLEMENTED.

5. RECOMMENDATION III (I) ON ELIMINATING DISTINCTION BETWEEN REPRESENTATION AND NEGOTIATION-SUPPORT ROLE: THIS DISTINCTION WAS BROKEN DOWN THROUGH EARLIER INTEGRATION UNDER WHICH ECONOMIC OFFICERS HANDLED COMMERCIAL SUBJECTS, SUCH AS TRADE COMPLAINTS, IN ASSIGNED AREAS AS WELL AS DIPLOMATIC NEGOTIATIONS OR AGREEMENTS ON SUCH ISSUES AS TEXTILES AND FISH. SINCE THE ISSUANCE OF THE OMB STUDY, ECONOMIC OFFICERS HAVE UNDERTAKEN ADDITIONAL MARKET RESEARCH AND DIRECT TRADE PROMOTION IN AREAS SUCH AS SHIPBUILDING. ON THE OTHER SIDE, COMMERCIAL OFFICERS ARE RESPONSIBLE FOR ALL ASPECTS OF SHIPPING, CIVIL AVIATION, UNCLASSIFIED

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COPYRIGHT, PATENTS AND OTHER INVESTOR-RELATED TASKS. COMMERCIAL OFFICERS ARE NOW MUCH MORE ACTIVE IN NEGOTIATION WITH THE ROKG. EMBASSY BELIEVES THIS DISTINCTION NO LONGER HOLDS AS FAR AS SEOUL IS CONCERNED.

6. RECOMMENDATION V (A) (2) ON RESTRUCTURING OF ECONOMIC AND COMMERCIAL RESPONSIBILITIES: AS STATED ABOVE, ECONOMIC OFFICERS HAVE BEEN FOLLOWING UP EXPORT PROMOTION OPPORTUNITIES

OR UNDERTAKING MARKET DEVELOPMENT WITHIN THEIR AREAS OF RESPONSIBILITY. AT SAME TIME COMMERCIAL OFFICERS HAVE EXPANDED THEIR WORK IN COMMERCIAL POLICY AND INDUSTRY ANALYSIS.

7. RECOMMENDATION V (B) (1) ON DEVELOPING ALTERNATIVE CONCEPTS FOR ORGANIZING ECONOMIC/COMMERCIAL STAFF: EMBASSY BELIEVES THAT CONTINUED DEPARTMENT ENDORSEMENT OF PRIORITY FOR EXPORT PROMOTION IS NECESSARY PREREQUISITE FOR ANY NEW ORGANIZATIONAL OR TASKING CONCEPT. FROM THIS SHOULD FLOW MUTUAL COOPERATIVE AND SUPPORTIVE EFFORT. AS INDICATED ABOVE, TRADE PROMOTION ACROSS ORGANIZATIONAL LINES IS BEING ACHIEVED IN SEOUL WHERE USAID DIRECTOR/ECONOMIC COUNSELOR UTILIZES AID PERSONNAL AS NECESSARY TO SUPPORT COMMERCIAL EFFORTS, E.G. USE OF AID ENGINEERING OFFICER TO PROVIDE TECHNICAL ADVICE REGARDING NUCLEAR ENERGY EQUIPMENT. ECONOMIC COUNSELOR ALSO COORDINATES IMPPRANT COMMERCIAL ACTIVITIES OF AGRICULTURAL ATTACHE AND LABOR ATTACHE.

8. A NEW FOCUS OF TRADE PROMOTION WILL BE THE TRADE CENTER TO BE OPENED IN MARCH. BUILT BY COMMERCE, CENTER WILL BE OPERATED BY STATE-FUNDED COMMERCIAL STAFF TOGETHER WITH EXPECTED SUPPORT OF AID, USIA AND ALL OTHER ELEMENTS OF EMBASSY.
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